

THE MISSOURI OFFICE OF THE PUBLIC COUNSEL

2019 ANNUAL REPORT

Representing and
Protecting the Interests
of the Public





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On behalf of the Missouri Office of the Public Counsel ("OPC"), I am pleased to present the OPC's first Annual Report, which provides rates and earnings data relevant to Missouri's public utilities, and summarizes the work conducted by the OPC in 2019. We intend this reporting to become an annual OPC exercise for the purpose of tracking the trends in utility rates and the scope of the work performed by the OPC on behalf of the public.

The OPC underwent significant changes in 2019, as the OPC and the Public Service Commission ("PSC") were moved from the Department of Economic Development to the new Department of Commerce and Insurance, and OPC's funding was moved from the PSC Fund (funded by public utilities) back to General Revenue and reduced.

The OPC's focus in 2019 was to advocate for smart and meaningful policies, better engage in dialogue with utility companies and regulators, and to ultimately help Missouri's citizens and businesses receive safe, reliable and affordable utility services. In 2020, we will continue these efforts and also hope to improve our presence with the public that we represent in an effort to help the public understand what we do, and help us better understand public expectations when it comes to their utility services. This first Annual Report is one step in helping achieve those 2020 goals.

If you have any questions or comments regarding the content of this report, or any other issue related to the OPC's work representing the interests of the public, please don't hesitate to contact me directly at marc.poston@opc.mo.gov or 573-751-4857.

Sincerely,

A handwritten signature in black ink, appearing to read "Marc Poston", with a stylized flourish at the end.

Marc Poston



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Introduction

A large number of Missouri citizens receive utility service from investor-owned utility companies operating as state-sanctioned monopolies. In many cases, these utilities – which include electric, natural gas, water, wastewater, and steam heat – are the sole provider of services **essential to life** that are available to these customers. Given the serious and indispensable nature of the services provided, the **Office of the Public Counsel (“OPC”)** was created in 1975 to help regulate these natural monopolies. The OPC is not itself responsible for dictating what these monopolies may charge their customers for utility services. That task falls on the Missouri Public Service Commission (“PSC”). Instead, the OPC possess the duty and authority to “**represent and protect the interests of the public** in any proceeding before or appeal from” the PSC. (Mo. Rev. Stat. § 386.710). By doing so, the OPC is able to give a voice to these “captive” utility customers who have no choice but to continue receiving the utility’s services regardless of the rates charged or quality of service provided.

While the OPC’s foremost responsibility is to act as the public’s advocate in the regulation of investor-owned utilities, Missouri statutes also place the Missouri **Office of the Property Rights Ombudsman** within the OPC. (Mo. Rev. Stat. § 523.277). The Property Rights Ombudsman is tasked with providing guidance to Missouri property owners facing eminent domain issues (though it does not supply any formal legal representation). However, the Ombudsman’s work will not be addressed in this report since the OPC has already prepared and released a separate report that highlights the activities of the Ombudsman.

In 2019, the OPC strived to diligently and faithfully execute its duty to represent the public’s interest before the PSC and Missouri’s appellate courts. Descriptions of some of the key specific activities the OPC engaged in have been included in this report under the section titled *Public Advocacy Activity*. Before discussing these points, though, the OPC believes that it is first important to provide a snapshot of rates that Missourians are currently facing and how those rates have evolved over the last ten years. Therefore, the OPC begins this report with an examination of the average monthly bills that residential ratepayers receiving service from the various investor-owned utilities across this State can expect to face.

The Average Residential Utility Bill

It should be no surprise that public utility customers' bills vary significantly from utility to utility. This makes it difficult to know what the average Missourian pays for utility services if one looks at the issue from a state-wide perspective. To address this problem, and hopefully provide a more reasonable understanding of the rates paid by Missouri's public utility customers, the OPC calculated an average residential bill for each investor-owned Missouri utility. Our analysis focuses exclusively on residential bills because residential yearly usage is fairly uniform when compared to commercial and industrial customer usage. Further, this analysis is limited to only those investor-owned utilities whose rates are set by the Missouri Public Service Commission, and does not provide any analysis of municipal or cooperative utility providers.

Each average residential utility bill found in this report was based on a consistent assumed monthly usage. Since utility usage will generally fluctuate over time with changes in the seasons and other factors, these average residential bills should not be considered a predictor for the amount that a utility customer could expect to pay in any one given month. Instead, these bills represent the average dollar amount that a residential customer would expect to pay monthly if their household's utility costs were budgeted over the course of a full year.

In addition, several utilities have bills that include various sub-components and surcharges. The OPC has generally attempted to break down its average residential utility bills in the same manner for these utilities. However, not all utilities use the same name for each surcharge or bill sub-component. Consequently, the bill sub-component designations found in this report may not match up exactly with those found in the actual bills issued by each utility. Despite this fact, the type of surcharges being applied are the same across utilities; only the names differ. Description of the various bill sub-components addressed in this section have been included in the glossary found at the end of this report.

Finally, it is important to understand that these average bills do not include sales taxes or municipal fees paid by customers on their utility bills. Many customers will pay such taxes or fees, but the amount paid will differ significantly depending on location and are not subject to the regulation of the Public Service Commission. As such, the average residential utility bills contained in this report include only the amounts paid to and retained by the public utility company issuing the bill.

What follows is the average residential utility bills developed by the OPC, broken down by utility type.

Electric Utilities

Four investor-owned electric utilities operate in the state of Missouri. From largest to smallest, they are Union Electric Company, doing business as Ameren Missouri; Evergy Missouri Metro (formerly Kansas City Power & Light Company); Evergy Missouri West (formerly KCP&L Greater Missouri Operations Company); and The Empire District Electric Company.

A map showing the service areas of the four investor-owned electric utilities, as prepared by the Missouri Public Service Commission, is included as Figure 1.

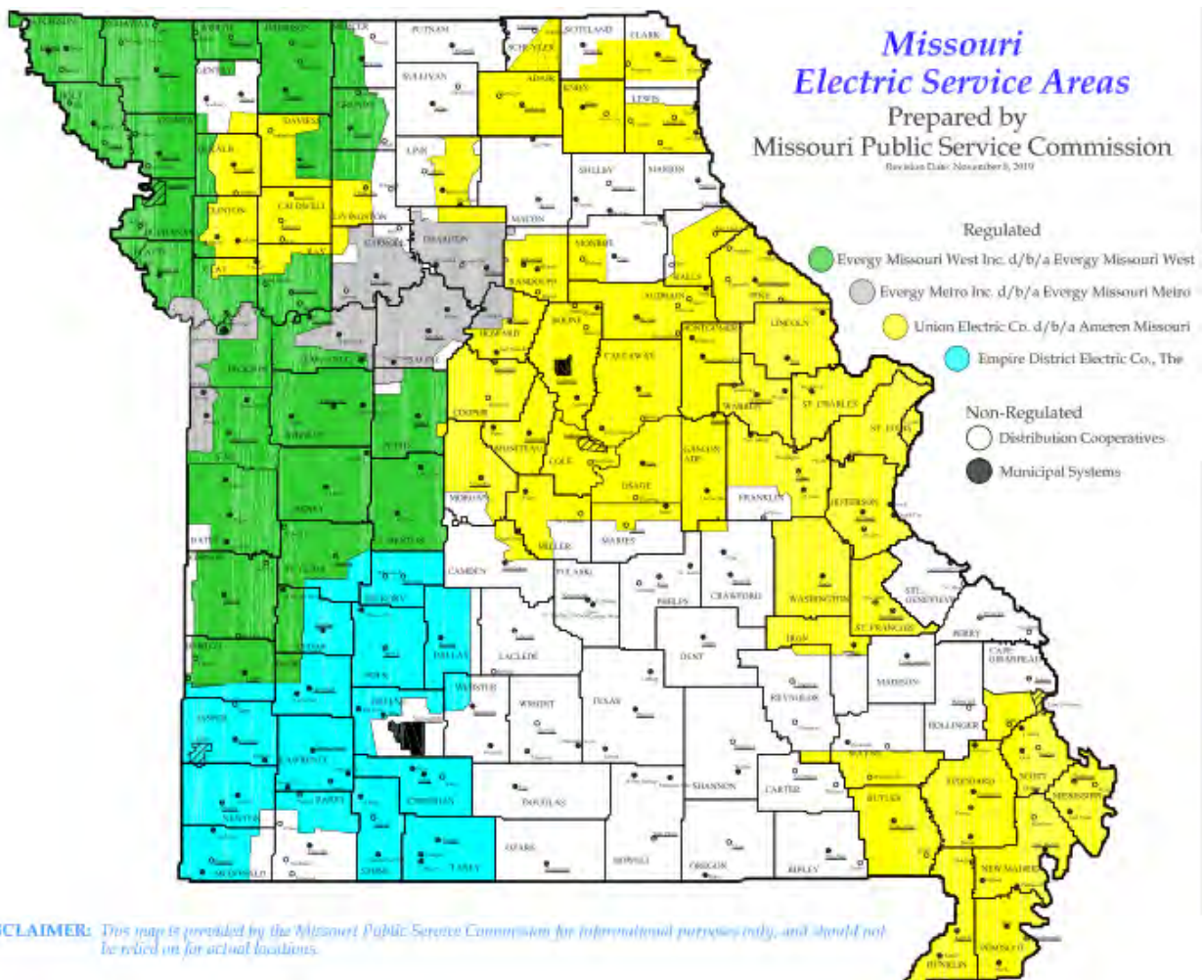


Figure 1: Current Missouri electric service areas courtesy of the Missouri Public Service Commission.
Copy available at: <https://psc.mo.gov/CMSInternetData/Electric/Missouri%20Electric%20Service%20Area%20Map%202011-8-19.pdf>

Electric utilities generally measure the volume of electricity or energy used by a customer in kilowatt hours (kWh). For the purpose of calculating the average residential bills found in this report, the OPC assumed a usage of one-thousand kWh per month for each Missouri residential customer of a given electric utility. However, as previously indicated, this one-thousand kWh per month assumption can be slightly misleading. This is because energy usage by month actually varies between utilities for many reasons including local weather patterns, home sizes, occupancy, and heating source. To illustrate this point, the 2018 mean “average” reported annual and monthly energy usages across the United States, Missouri, and each of Missouri’s investor-owned electric utilities have been included in Table 1.

Table 1: 2018 Average Annual and Monthly Energy Usage
Across Select Areas and Utilities ¹

	# of Residential Customers	Average Annual Usage	Average Monthly Usage
United States	133,893,727	10,972 kWh	914 kWh
State of Missouri	2,792,459	13,416 kWh	1,118 kWh
Ameren Missouri	1,060,493	13,500 kWh	1,120 kWh
Eversource Missouri West	283,571	13,347 kWh	1,110 kWh
Eversource Missouri Metro	257,216	10,720 kWh	890 kWh
Empire District Electric	129,864	13,742 kWh	1,150 kWh

Despite the differences seen in Table 1, the OPC still chose to use the same assumed usage of one-thousand kWh per month for each Missouri investor-owned utility. This choice was primarily made to ensure that the cleanest possible comparative analysis had been provided. The average annual bills developed with this assumed usage are listed in Table 2.

¹ U.S. Energy Information Administration (2019) Electric Sales, Revenues and Average Prices https://www.eia.gov/electricity/sales_revenue_price/ & the Annual Reports filed with the Missouri Public Service Commission for calendar year 2018.

Table 2: Average Monthly Residential Electric Bills

Billing Component	Electric Utility			
	Ameren Missouri	Evergy Missouri Metro	Evergy Missouri West	The Empire District
Customer Charge	\$9.00	\$11.47	\$11.47	\$13.00
Commodity Charge	\$89.80	\$112.81	\$96.81	\$118.81
Fuel Adjustment Rider	-\$0.83	\$3.62	\$4.51	\$1.27
Energy Efficiency Rider	\$3.16	\$1.95	\$2.02	N/A
Renewable Energy Rider	N/A	N/A	\$0.83	N/A
Total Monthly Bill	\$101.13	\$129.84	\$115.64	\$133.08

The data in Table 2 shows there is a 30% difference in what an average customer pays for their electricity depending upon where in Missouri they live and which company provides them with service. Residential customers in St. Louis and surrounding areas will generally pay the least for electricity, whereas residential customers in Southwest Missouri and Kansas City will generally pay the most.

To see how the average monthly residential bills have changed over time, consider the following graph depicting the average residential bills for each of these four electric utilities over the last ten years.

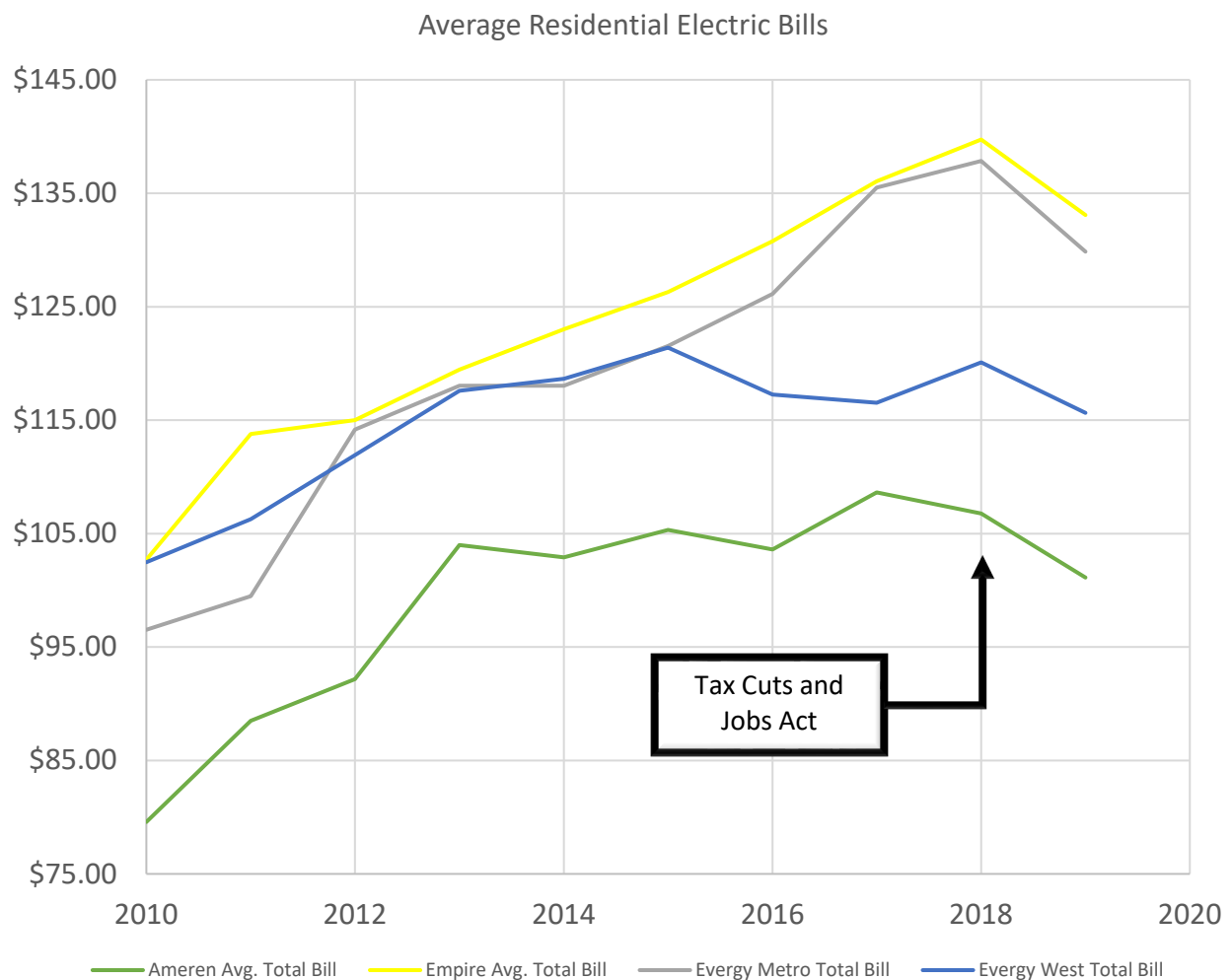


Figure 2: The average residential electric bills over the last ten years with an assumed monthly usage of 1,000 kWh.

As can easily be observed, the residential customer electric bills for Missouri’s investor-owned monopoly utilities have seen significant increases over the last decade. To provide further context for these increases, the OPC also developed the graph identified as Figure 3, seen below, which shows the rate of change in the average residential electric bills for Missourians over the last decade.

As a frame of reference, both the rate of change in the average Missouri wage and the rate of change in the consumer price index (*i.e.* inflation) for the St. Louis region (both determined by the Federal Bureau of Labor Statistics) have been included as well.

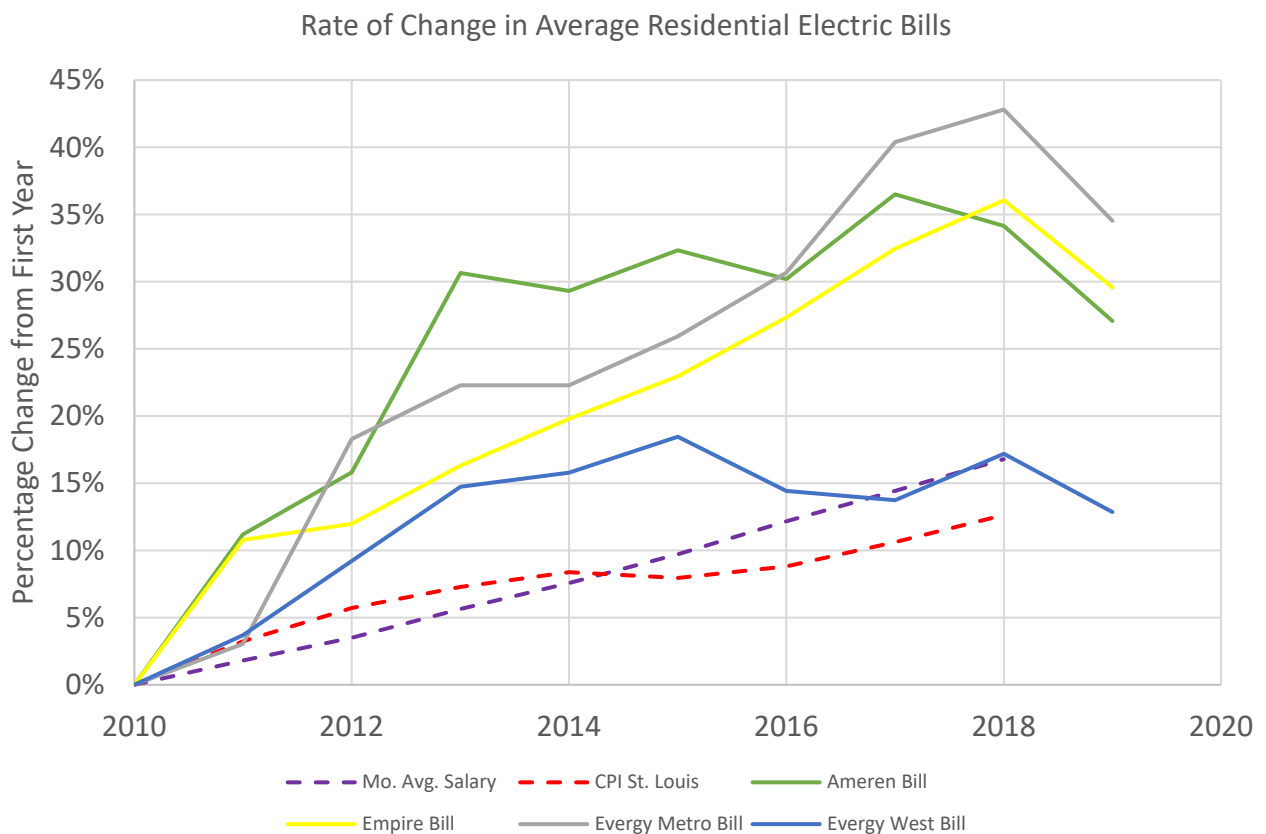


Figure 3: The rate of change of the average residential electric bills with Missouri average salary and Consumer Price Index for all items, St. Louis region, provided for reference.

The highest ten-year increase occurred for Evergy Missouri Metro’s customers with a 34% bill increase; Empire Electric with a 29% bill increase; Ameren Missouri with a 27% bill increase; and Evergy Missouri West with a 12% bill increase.

The OPC notes that the decline shown occurring for all four utilities between 2018 and 2019 that can be seen in both Figure 2 and Figure 3 is driven primarily by rate adjustments ordered by the Public Service Commission due to the Federal Tax Cuts and Jobs Act of 2017, which resulted in a 40% reduction in corporate income taxes. Passing those reductions on to customers resulted in rate reductions of \$74 million for Ameren Missouri, \$39 million for Evergy Missouri Metro, \$29 million for Evergy Missouri West, and \$17 million for Empire. Before those reductions, electric customers in 2018 had seen electric bill increases of approximately 42%, 36%, 34%, and 17% for Evergy Metro, Empire, Ameren, and Evergy West, respectively, since 2000.

Figure 3 also highlights that electric rate increases over the last decade for three of the four electric utilities have far outpaced increases in Missouri salaries and prices generally;

meaning, a larger percentage of Missouri home budgets and small business budgets are being devoted to their electric bills, resulting in less available to spend on other goods and services.

Natural Gas Utilities

There are six Missouri public utilities providing natural gas services that have their rates set by the Public Service Commission: Spire Missouri East and Spire Missouri West, both subsidiaries of Spire, Inc.; Union Electric Company doing business as Ameren Missouri; Liberty Utilities; The Empire District Gas Company; and Summit Natural Gas of Missouri.

A map of the counties in which each regulated natural gas utility provides services is included below as Figure 4.

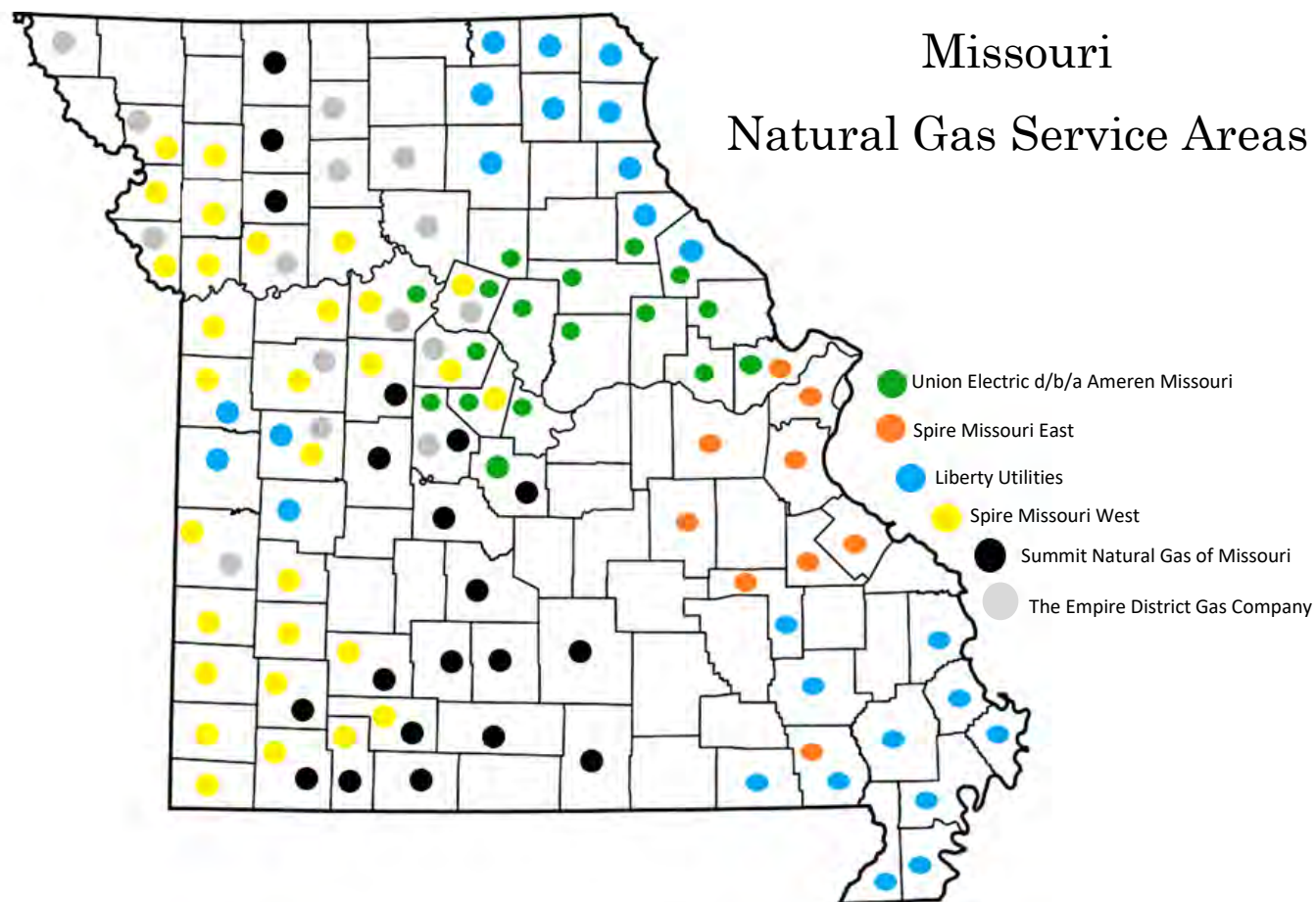


Figure 4: The Missouri counties in which each of the regulated natural gas utilities provide service.

All of the regulated natural gas utilities in the state, save for one, measure the volume of gas used by residential customers in centum cubic feet (CCF). For the purpose of this report, the OPC has assumed an average monthly use of fifty-five CCF for each Missouri household.

The three largest investor owned natural gas utility providers (Spire West, Spire East, and Ameren Missouri) each employ only a single tariff rate for all residential customers. The average annual bills for these three utilities are listed in Table 3.

Table 3: Average Residential Natural Gas Bills for Spire and Ameren

Billing Component	Natural Gas Utility		
	Spire West	Spire East	Ameren Missouri
Customer Charge	\$20.00	\$22.00	\$15.00
Commodity Charge	\$8.25	\$12.30	\$34.91
Weather Normalization Rider	-\$0.34	-\$0.49	N/A
Purchased Gas Rider	\$25.91	\$24.92	\$20.75
Infrastructure Replacement Rider	\$1.41	\$0.78	N/A
Total Monthly Bill	\$55.23	\$59.51	\$70.66

Spire West and Spire East were the only natural gas companies to charge an infrastructure system replacement surcharge (ISRS) and a weather normalization rider in 2019.

Liberty Utilities and The Empire District Gas Company each have three distinct separate service territories subject to their own rates. Average annual bills for each utility's individual service territories are included in Table 4.

Table 4: Average Residential Natural Gas Bills for Empire and Liberty

Billing Component	Gas Utility					
	Empire District Gas Company			Liberty Utilities		
	South	North	Northwest	Northeast	West	Southeast
Customer Charge	\$16.50	\$16.50	\$16.50	\$22.00	\$22.00	\$15.00
Commodity Charge	\$11.40	\$11.40	\$11.40	\$18.96	\$18.96	\$13.38
Purchased Gas Rider	\$17.77	\$19.07	\$19.30	-\$17.45	-\$17.45	\$0.04
Total Monthly Bill	\$45.67	\$46.97	\$47.20	\$23.51	\$23.51	\$28.42

Summit Natural Gas of Missouri has five separate service territories, each with their own applicable rates. The average annual bills for these five service territories are listed in Table 5.

Table 5: Average Residential Natural Gas Bills for Summit Natural Gas of Missouri

Billing Component	Summit Natural Gas of Missouri Service Territory				
	Gallatin	Warsaw	Lake of the Ozarks	Rogersville	Branson
Customer Charge	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00
Commodity Charge	\$34.18	\$62.37	\$52.25	\$37.16	\$52.86
Purchased Gas Rider	\$19.53	\$24.73	\$24.73	\$18.25	\$18.25
Total Monthly Bill	\$68.71	\$102.10	\$91.98	\$70.41	\$86.11

The data in Tables 3, 4, and 5, show a wide variation in natural gas bills paid by residential customers of Missouri's investor-owned natural gas utilities, with a difference of up to 77% depending upon where the customer resides. Residential customers receiving service from Summit Natural Gas in its Warsaw, Lake of the Ozarks and Branson service territories pay the highest for natural gas service, whereas residential customers receiving service from Liberty Utilities in its Northeast and Southeast Missouri service territories pay substantially less.

As with the electric utilities, the OPC developed a graph depicting how the average residential natural gas bills have changed over the last ten years. For the purpose of simplifying this graph, only the northwest Empire District Gas Company service territory, southeast Liberty Utilities service territory, and the Warsaw Summit Natural Gas of Missouri service territory were used for those companies.

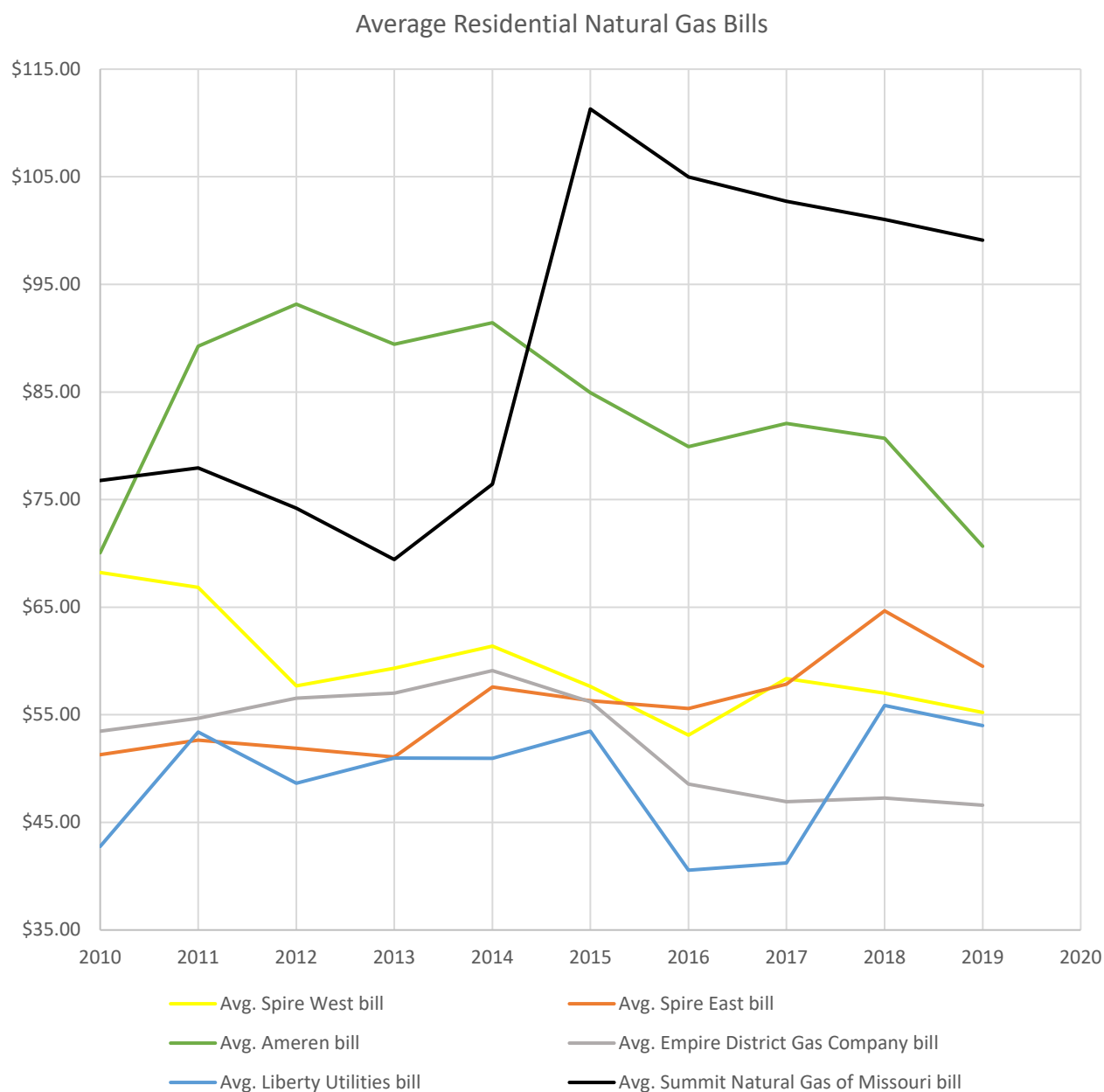


Figure 5: Average residential natural gas bills over the last ten years with an assumed monthly usage of 55 ccf.

The OPC also developed a graph depicting the rate of change in the average residential natural gas bills over the last decade. Once again, both the rate of change in the average Missouri wage and the rate of change in the consumer price index for the St. Louis region have been included as a frame of reference.

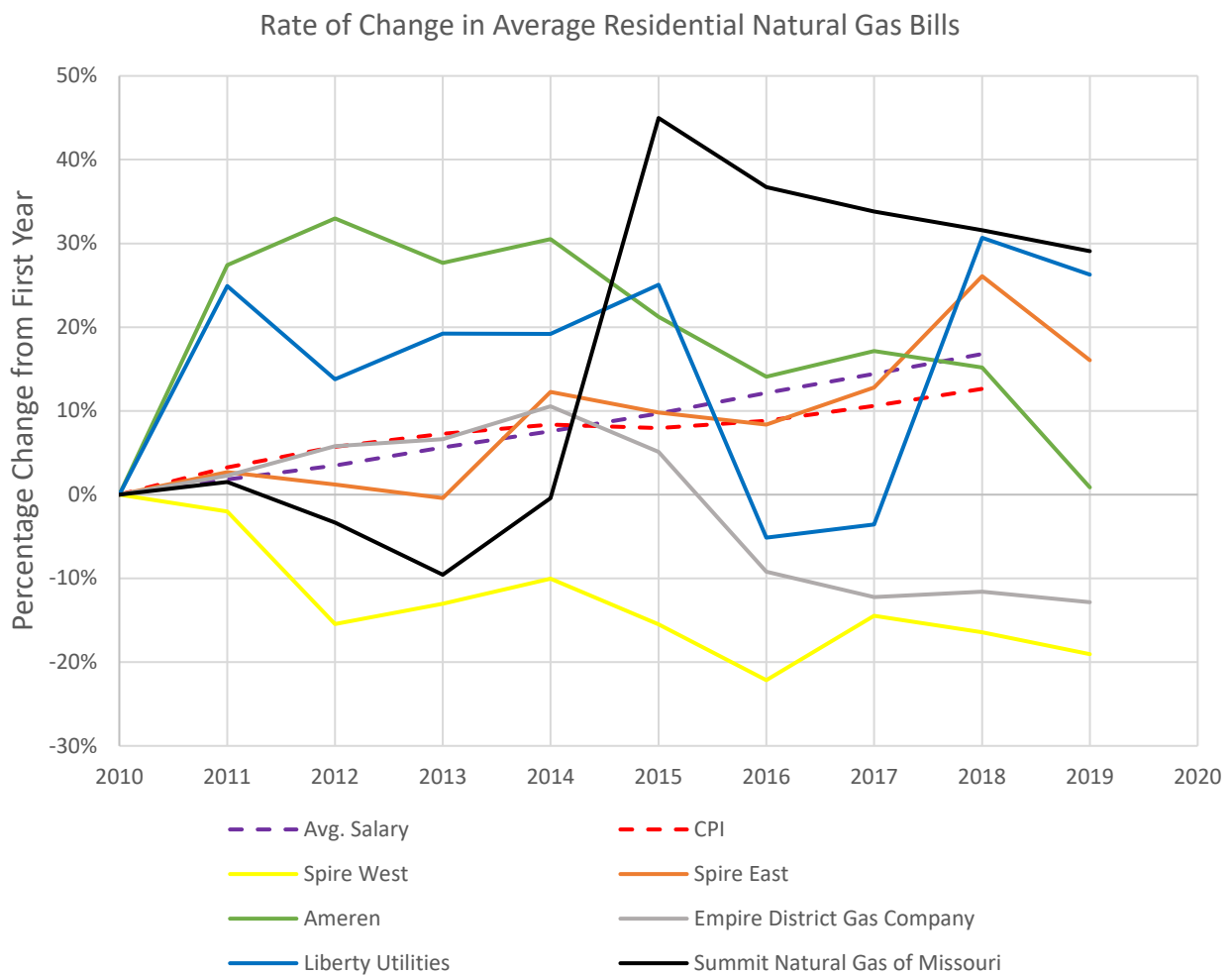


Figure 6: Rate of change of the average residential natural gas bills for Missourians with Missouri average salary and Consumer Price Index for all items, St. Louis region, provided for reference.

Unlike the similar graph for electric utilities included previously as Figure 3, this graph shows considerable disparity between natural gas utilities. Despite this fact, observations can still be made similar to the previous graph. For example, the general downward trend that appear at various points in the rates of Ameren, Spire West, or Empire is mostly attributable to the general decrease in gas commodity prices following the “shale gas boom,” which fundamentally altered the natural gas market in the United States. Shale gas refers to a new gas extraction technology, known as hydraulic fracturing or “fracking,” that allows gas producers to tap into large resources of previously unavailable gas supplies. One of the impacts of shale gas has been a steady supply of low-cost gas that is anticipated to continue for decades.

Meanwhile, the significant increase seen for Summit Natural Gas can be explained by the substantial expansion of their distribution system, and the general increase in Spire East’s rates is likely the result of the aggressive infrastructure replacement programs.

Water and Wastewater Utilities

There are a large number of utilities providing water and wastewater services for whom the Public Service Commission sets rates. These utilities have been arranged alphabetically by utility name in Table 6 for water utilities and Table 7 for wastewater utilities. In both tables, the average monthly bills have been color coded ranging from green for lower bills to red for higher bills. Where utilities provided service in multiple service territories at different rates, all service territories were included as separate listings.

For both water and wastewater utilities, the volume of service being provided is measured in gallons of water or waste-water used or produced. For the purpose of these estimated average residential bills, a monthly usage of 3,000 gallons of water or wastewater was assumed. Further, many of the water utilities use different rates based on the different diameters of pipe used to connect the water supply to a customer. The OPC used the rates for 5/8" diameter pipes or meters as the standard for all residential customers.

Table 6: Average Monthly Water Residential Bills

Utility	Service Territory	Missouri Counties Affected	Monthly Average Bill
188 North Summit, LLC	Seges Partners Mobile Home Park	Callaway	\$19.60
Argyle Estates Water Supply	Argyle Estates	Franklin	\$12.65
Branson Cedars Resort Utility Company LLC	MO Service Areas	Taney	\$71.11
Carl R. Mills	Carriage Oaks Estates	Stone	\$96.56
Cedar Green Land Acquisition, LLC	Camdenton, MO	Camden	\$26.79
Confluence Rivers Utility Operating Company, Inc.	Whispering Pines Subdivision and Surrounding Area	Phelps	\$21.55
Confluence Rivers Utility Operating Company, Inc.	Calvey Brook Estates	Franklin	\$36.36
Confluence Rivers Utility Operating Company, Inc.	Chalet City West Subdivision	Greene	\$7.65
Confluence Rivers Utility Operating Company, Inc.	Evergreen Lake Subdivision	Franklin	\$13.87

Utility	Service Territory	Missouri Counties Affected	Monthly Average Bill
Confluence Rivers Utility Operating Company, Inc.	Bon-Gor Lake Estates	Boone	\$15.39
Confluence Rivers Utility Operating Company, Inc.	Golden Eagle Reserve	Montgomery	\$42.48
Confluence Rivers Utility Operating Company, Inc.	Auburn Lakes	Lincoln	\$37.50
Confluence Rivers Utility Operating Company, Inc.	Majestic Lakes	Lincoln	\$35.00
Confluence Rivers Utility Operating Company, Inc.	Eugene	Cole	\$32.00
Elm Hills Utility Operating Company, Inc.	Part of Unincorporated Pettis County	Pettis	\$13.75
Empire District Electric Company	Aurora, Marionville, Verona	Lawrence	\$25.83
Environmental Utilities, LLC	Golden Glade Service Area	Camden	\$47.29
Foxfire Utility Company	Lantern Bay Condominium Development Area	Stone	\$21.46
Franklin County Water Company, Inc.	Lake St. Clair, MO	Franklin	\$13.53
Gascony Water Company, Inc.	Gascony Village	Gasconade	\$33.86
Hillcrest Utility Operating Company, Inc.	Hillcrest Manor Subdivision	Cape Girardeau	\$62.53
Holtgrewe Farms Water Company, LLC	Holtgrewe Farms Subdivision	Franklin	\$29.08
Indian Hills Utility Operating Company, Inc.	Indian Hills Subdivision	Crawford	\$79.78
Lake Northwoods Utility Co., Inc.	All MO Service Areas	Gasconade	\$12.53
Lakeland Heights Water Company, Inc.	All MO Services Areas	Wayne, Butler	\$21.13
Liberty Utilities	Bilyeu Ridge Subdivision	Christian	\$27.90
Liberty Utilities	Hidden Meadow Estates	Christian	\$23.62

Utility	Service Territory	Missouri Counties Affected	Monthly Average Bill
Liberty Utilities	Moore Bend Subdivision	Taney	\$59.06
Liberty Utilities	Riverfork Ranch Subdivision	Stone	\$27.80
Liberty Utilities	Kissee Mills and Rockaway Beach	Taney	\$29.44
Liberty Utilities	Valley Woods Subdivision	Christian	\$27.33
Liberty Utilities	Noel	McDonald	\$32.10
Liberty Utilities	Cedar Hill Estates, Crestview Acres, High Ridge Manor, Hillshine Community, Lakewood Hills, City of Scotsdale, Warren Woods Subdivision	Jefferson, Franklin	\$50.65
Liberty Utilities	Timber Creek, Holiday Hills, Ozark Mountain	Taney, Stone, Jefferson	\$47.29
Liberty Utilities	Lake St. Clair	Franklin	\$13.53
Lincoln County Sewer & Water, LLC	Bennington	Lincoln	\$39.99
Lincoln County Sewer & Water, LLC	Rockport	Lincoln	\$38.09
Missouri-American Water Company	St Louis County Service Area	St. Louis	\$25.33
Missouri-American Water Company	All Missouri Service Areas Outside of St. Louis County and Outside of Mexico	Buchanan, Jasper, Newton, Chariton, Johnson, Cole, St. Charles, Warren, Jefferson, Morgan, Pettis, Benton, Barry, Stone, Green, Taney, Christian, Platte	\$27.74
Missouri-American Water Company	Mexico Service Area	Audrain	\$26.67
Oakbrier Water Company	Oakbrier Estates	Butler	\$18.46
Osage Water Company	Chelsea Rose, Cimmarron Bay, Cedar Glen, State Route KK	Camden	\$30.62
Port Perry Service Company	Port Perry	Perry	\$16.81
The Raytown Water Company	Raytown, MO	Jackson	\$32.64

Utility	Service Territory	Missouri Counties Affected	Monthly Average Bill
Rex Deffenderfer Enterprises, Inc. d/b/a RDE Water Company	English Village Park (formerly known as Chalet City South), Meadow View Subdivision and Meadow View 1st Addition	Christian	\$13.39
Ridge Creek Water Company, LLC	The Ridge Creek Subdivision and Unincorporated areas of Pulaski County, MO	Pulaski	\$48.92
S. K. & M. Water & Sewer Company	Unincorporated Perry County, MO	Perry	\$34.51
Stockton Hills Water Company, Inc.	Stockton Hills, Sac Valley Estates, Lu Acres, Lochview Estates, and Edge Subdivision	Cedar	\$27.54
Terre Du Lac Utilities Corporation	Terre Du Lac Development	St. Francois, Washington	\$20.25
Village Greens Water Company	Village Greens Water Company District	Franklin	\$29.59
Rodger Owens d/b/a Whispering Hills Water System	Whispering Hills	Wayne	\$20.69
Whiteside Hidden Acres, LLC	Whiteside Hidden Acres	Hickory	\$24.43

Table 7: Average Monthly Wastewater Residential Bills

Utility	Service Territory	Missouri Counties Affected	Monthly Average Bill
188 North Summit, LLC	Seges Partners Mobile Home Park	Callaway	\$46.48
Branson Cedars Resort Utility Company LLC	MO Service Areas	Taney	\$61.97
Cannon Home Association, Inc.	Ralls County	Ralls	\$47.54
Cedar Green Land Acquisition, LLC	Camdenton, MO	Camden	\$47.55
Central Rivers Wastewater Utility, Inc.	MO Service Areas	Ray, Clay, Clinton	\$44.81
Confluence Rivers Utility Operating Company, Inc.	Whispering Pines Subdivision and Surrounding Area	Phelps	\$37.67

Utility	Service Territory	Missouri Counties Affected	Monthly Average Bill
Confluence Rivers Utility Operating Company, Inc.	Calvey Brook Estates	Franklin	\$33.78
Confluence Rivers Utility Operating Company, Inc.	Chalet City West Subdivision	Greene	\$15.00
Confluence Rivers Utility Operating Company, Inc.	Castlereagh Estates	St. Louis County	\$30.11
Confluence Rivers Utility Operating Company, Inc.	Villa Ridge	Franklin	\$24.24
Confluence Rivers Utility Operating Company, Inc.	Lake Virginia	Jefferson	\$13.33
Confluence Rivers Utility Operating Company, Inc.	Golden Eagle Reserve	Montgomery	\$36.04
Confluence Rivers Utility Operating Company, Inc.	Auburn Lake Estates	Lincoln	\$37.50
Confluence Rivers Utility Operating Company, Inc.	Majestic Lakes	Lincoln	\$35.00
Elm Hills Utility Operating Company, Inc.	Missouri Utilities	Pettis	\$19.21
Elm Hills Utility Operating Company, Inc.	State Park Village	Johnson	\$45.00
Elm Hills Utility Operating Company, Inc.	Rainbow Acres	Johnson	\$15.00
Elm Hills Utility Operating Company, Inc.	Twin Oaks/Preserves	Johnson	\$140.00
Foxfire Utility Company	Lantern Bay Condominium Development area	Stone	\$43.43
Hillcrest Utility Operating Company, Inc.	Hillcrest Manor Subdivision	Cape Girardeau	\$83.56
Holtgrewe Farms Water Company, LLC	Holtgrewe Farms Subdivision	Franklin	\$39.25

Utility	Service Territory	Missouri Counties Affected	Monthly Average Bill
Lake Northwoods Utility Co., Inc.	All MO Service Areas	Gasconade	\$9.51
Liberty Utilities	Valley Woods Subdivision	Christian	\$42.16
Liberty Utilities	Ozark Mountain Resort, Timber Creek Resort	Stone, Jefferson	\$119.37
Liberty Utilities	Cape Rock Village	Cape Girardeau	\$46.21
Lincoln County Sewer & Water, LLC	Bennington	Lincoln	\$46.87
Lincoln County Sewer & Water, LLC	Rockport	Lincoln	\$39.68
Mid MO Sanitation LLC	Lake Breeze Estates	Callaway	\$64.66
Missouri-American Water Company	City of Arnold	Jefferson	\$32.64
Missouri-American Water Company	Cedar Hill, Jefferson City, Cole, Callaway and Benton Counties, Emerald Pointe, Branson Canyon, Incline Village, Ozark Meadows, Platte County, Stonebridge Village, Saddlebrooke Village, Wardsville, Pevely Farms, Homestead Estates, Radcliffe Place, Rogue Creek and Hiller's Creek	Callaway, Cole, Warren, Stone, Christian, Taney, Jefferson, Benton, St. Louis, Platte, Morgan, Washington, Lincoln	\$58.13
Missouri-American Water Company	Pettis County (Maplewood, Quail Run, Brooking Park, Westlake Village), Fenton, Hickory Hills, Temple Terrace, Anna Meadows, Jaxson Estates, and Timber Springs	Lincoln, Pettis, Jefferson, Moniteau, St. Charles, Clinton	\$38.75
Missouri-American Water Company	City of Lawson	Clay, Ray	\$16.35
North Oak Sewer District, Inc.	Unincorporated Area in Warren County, MO	Warren County	\$37.70
Osage Water Company	Chelsea Rose, Cimmarron Bay, Cedar Glen, State Route KK	Camden	\$29.02
Port Perry Service Company	Port Perry	Perry	\$18.94
R.D. Sewer Co., LLC	Western Heights, Ecology Acres, Unincorporated area Stoddard County	Stoddard	\$34.36

Utility	Service Territory	Missouri Counties Affected	Monthly Average Bill
Raccoon Creek Utility Operating Company, Inc.	Villages at Whiteman	Johnson	\$79.74
Raccoon Creek Utility Operating Company, Inc.	Hunter's Ridge, South Walnut Hills	Pettis	\$95.76
S. K. & M. Water & Sewer Company	Unincorporated Perry County, MO	Perry	\$47.87
Taneycomo Highlands, Inc.	Taneycomo Highlands Subdivision	Taney	\$38.00
TBJ Sewer System, Inc.	St. John's Treatment Plant	Franklin	\$36.59
TBJ Sewer System, Inc.	Bourbeuse River Treatment Plant	Franklin	\$30.05
TBJ Sewer System, Inc.	Oak Hollow Treatment Plant	Franklin	\$36.11
Terre Du Lac Utilities Corporation	Terre Du Lac Development	St. Francois, Washington	\$19.72
Timber Creek Sewer Company	Platte County	Platte	\$36.71
Timber Creek Sewer Company	Clay County	Clay	\$28.50
TUK LLC	MO Service Areas	Jefferson	\$42.14
United Services, Inc.	County Side View	Nodaway	\$42.84
United Services, Inc.	Pleasant View Addition, Scout Ridge Estates, Stoll Addition, Highland Estates, Spring Meadows/Meadowview, Indian Ridge/Millstone, Tuscany Lake, Vista Ridge, West Ridge, Bristol, Dawn Valley	Buchanan, Nodaway, Andrew	\$35.44
Warren County Sewer Co.	Unincorporated area near Warrenton, Mo	Warren	\$22.11

Because of the large number of water and wastewater utilities, a graph comparing the rates over a ten-year period would be unwieldy. Therefore, the OPC developed a graph that compared only the rates of the seven water and wastewater utilities that served at least one thousand customers in Missouri. Those utilities are Missouri American Water Co. ("MAWC"), Liberty Utilities, Terre Du Lac Utilities Corp., The Empire District Electric Co., RDE Water Company, Raytown Water Co, and Timber Creek Sewer Co.

Several of these utilities have multiple service territories, in which case the OPC selected one service territory to represent the utility. Specifically, the OPC used only the Timber Creek, Holiday Hills,

Ozark Mountain service territory rate for Liberty Utilities customers; the Platte County service territory for Timber Creek; and the St Louis County Service Area for the customers of Missouri American Water Co.

The rate at which these utility bills have changed is once again included in the graph below with

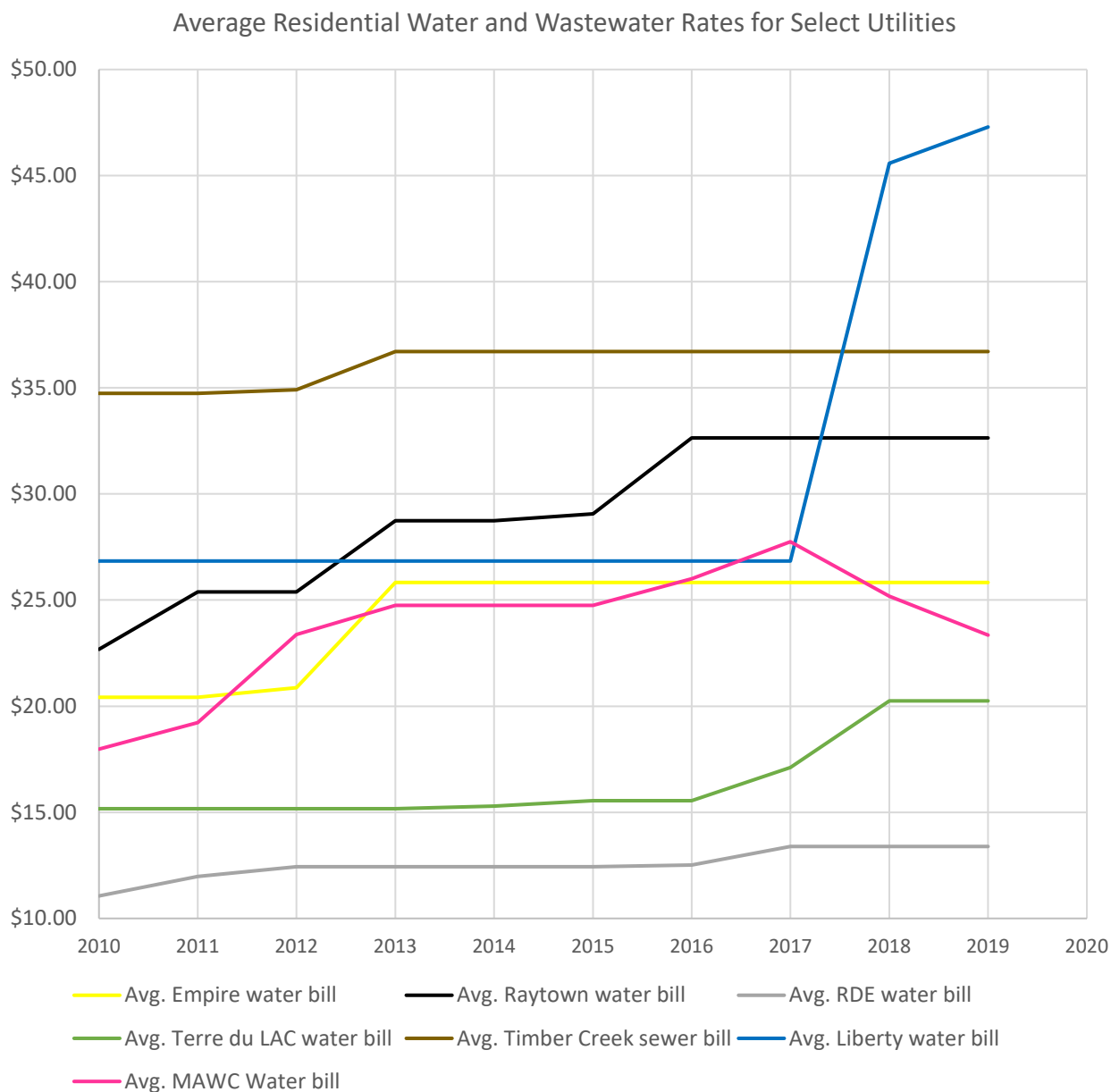


Figure 7: Average residential water and wastewater bills for Missouri utilities serving more than 1,000 customers over the last ten years with an assumed monthly usage of 3,000 gallons.

the average Missouri wage and the rate of change in the consumer price index for the St. Louis region provided as a frame of reference.

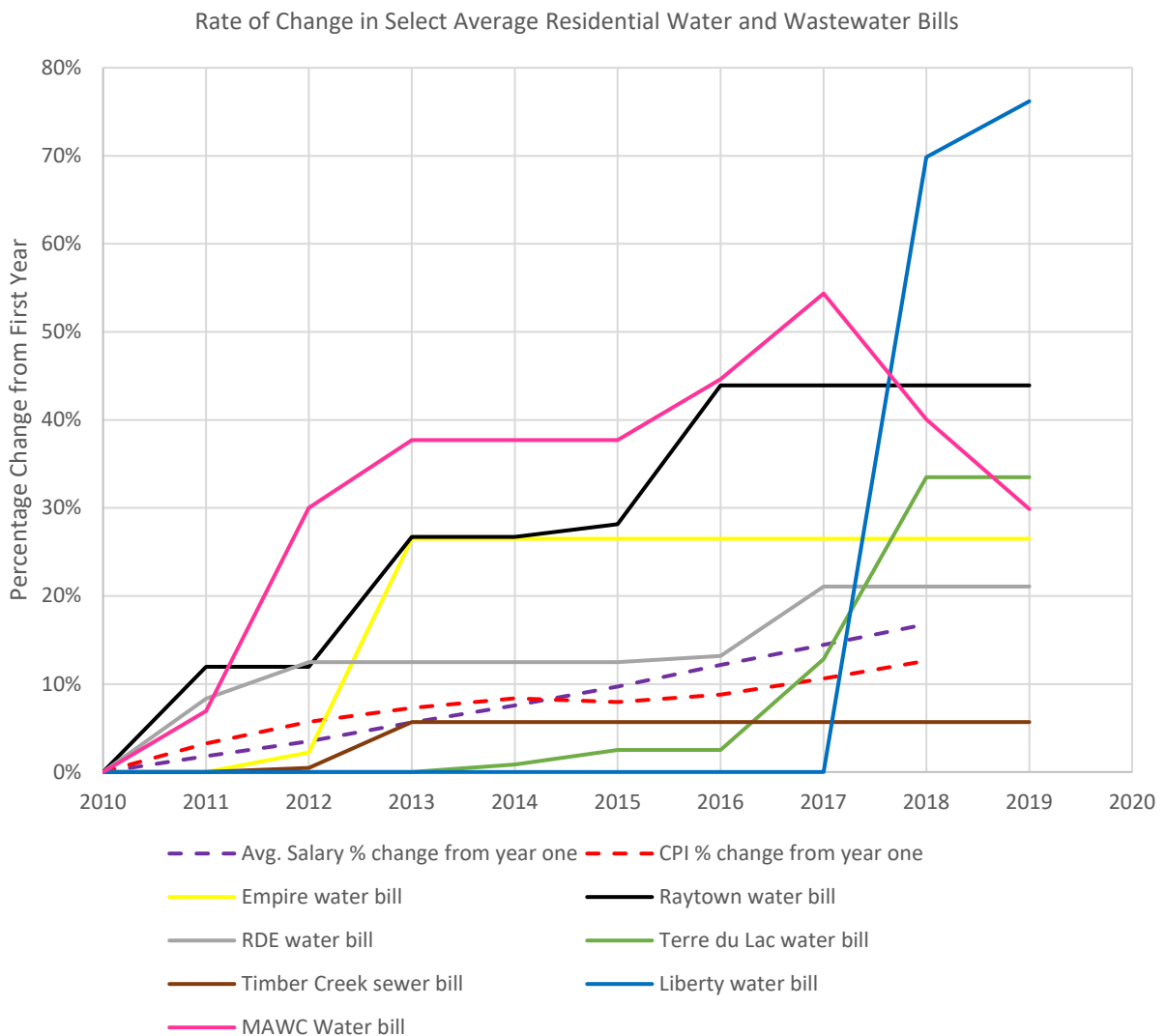


Figure 8: Rate of change of the average residential water and wastewater bills for Missourians served by utilities with more than a thousand customers with the Missouri average salary and Consumer Price Index for all items, St. Louis region.

One of the first things to note about this graph (as compared to the similar Figure 3 and Figure 6 for electric and natural gas utilities, respectively) is that there is more plateauing and less gradual change occurring over time. In other words, the lines generally appear to change in a stair-step manner. This is most likely the result of two factors. The first is that water and wastewater utilities generally do not make use of riders and surcharges that can often change several times over the course of a year. Instead, water and wastewater rates usually only change during a general rate case. The exception to this rule is Missouri American Water Company, which has an infrastructure system replacement surcharge that can change twice a year. The other factor is that water and wastewater utilities simply petition the Commission for a rate change less often than electric or natural gas utilities. This can be seen clearly in the case of Liberty Water, which did not seek a rate increase from 2010 until 2018, which likely contributed to the dramatic rate increases.

Financial Health of Investor Owned Utilities

While the first section of this report reviewed the current state of utility rates from a residential ratepayer's perspective, this section examines the current financial health of Missouri Utilities from a utility shareholder's perspective as reported by the companies. Table 8, shown below, provides the change in operating revenues, amount of commodity sold, number of residential account numbers, and number of non-residential account numbers for all major investor owned electric utilities from 2008 and 2018; Table 9 shows the same but for all major investor owned natural gas utilities.

Table 8: Change in Selected Metrics for Electric Utilities from 2008 to 2018

Utility Name	Metric	2008	2018	Percentage Change
Union Electric d/b/a Ameren Missouri	Operating Revenue	\$2,171,887,882.00	\$3,001,630,980.00	38%
	MWhs sold	37,980,626	33,699,583	-11%
	Number of Residential Customer Accounts	1,039,169	1,060,493	2%
	Number of Other Customer Accounts	156,950	163,243	4%
Evergy Missouri Metro	Operating Revenue	\$572,502,580.00	\$981,872,159.00	72%
	MWhs sold	8,777,482	8,675,389	-1%
	Number of Residential Customer Accounts	238,921	257,216	8%
	Number of Other Customer Accounts	32,519	35,679	10%
Evergy Missouri West	Operating Revenue	\$622,223,848.00	\$819,407,314.00	32%
	MWhs sold	8,102,791	8,385,397	3%
	Number of Residential Customer Accounts	272,319	283,571	4%
	Number of Other Customer Accounts	38,605	50,605	31%
The Empire District Electric Co.	Operating Revenue	\$346,235,699.00	\$522,849,828.00	51%
	MWhs sold	4,223,367	4,321,595	2%
	Number of Residential Customer Accounts	124,395	129,864	4%
	Number of Other Customer Accounts	23,674	24,178	2%

Table 9: Change in Selected Metrics for Natural Gas Utilities from 2008 to 2018

Utility Name	Metric	2008	2018	Percentage Change
Union Electric d/b/a Ameren Missouri	Operating Revenue	\$187,430,225.00	\$131,020,262.00	-30%
	Mcfs sold	12,693,904	20,314,446	60%
	Number of Residential Customer Accounts	112,863	117,879	4%
	Number of Other Customer Accounts	13,238	13,604	3%
Spire Missouri East	Operating Revenue	\$969,262,167.00	\$737,709,164.00	-24%
	Mcfs sold	74,665,858	95,554,004	28%
	Number of Residential Customer Accounts	588,228	613,078	4%
	Number of Other Customer Accounts	40,801	41,312	1%
Spire Missouri West	Operating Revenue	\$721,194,371.00	\$515,742,136.00	-28%
	Mcfs sold	56,643,677	83,115,840	47%
	Number of Residential Customer Accounts	446,311	477,212	7%
	Number of Other Customer Accounts	65,810	40,325	-39%
Liberty Utilities	Operating Revenue	\$68,495,816.00	\$59,452,400.00	-13%
	Mcfs sold	5,961,722	8,523,605	43%
	Number of Residential Customer Accounts	49,693	46,204	-7%
	Number of Other Customer Accounts	6,897	6,934	1%
Empire District Gas Company	Operating Revenue	\$62,566,154.00	\$43,672,558.00	-30%
	Mcfs sold	4,935,334	8,311,975	68%
	Number of Residential Customer Accounts	39,160	37,528	-4%
	Number of Other Customer Accounts	5,281	5,483	4%
Summit Natural Gas of Missouri	Operating Revenue	\$11,755,663.00	\$34,797,872.00	196%
	Mcfs sold	852,926	3,582,305	320%
	Number of Residential Customer Accounts	7,824	16,967	117%
	Number of Other Customer Accounts	978	3,638	272%

There are several things to observe from the information in these tables. The first is that the four investor-owned electric utilities in this State have seen a growth in operating revenues over the last decade that have greatly outstripped the growth in either customer numbers or MWhs of electricity sold for each

utility. This is consistent with previous information found in Figure 3 showing how electric utility rates have outpaced Missouri wage increases and inflation.

The second important thing to consider from these tables is the almost inverse result seen among most of Missouri's natural gas utilities, which have seen operating revenues fall despite increases in the amount of natural gas being sold. Once again, the OPC believes that the primary cause behind these decreases is the collapse of natural gas prices that occurred in the wake of the shale gas boom that began around 2008. This drastic change in prices best explains how gas companies were able to sell so much more gas, yet still have lower operating revenues. The obvious outlier is Summit Natural Gas of Missouri, but this can easily be explained by the large expansion of Summit's operations, as evidenced in the dramatic increase in customer numbers.

It should be noted that changes to operating revenues found in Table 7 are not perfect indicators of a company's overall financial health. For example, a company that reduces its revenues but also dramatically reduces its costs (for example by greatly reducing the cost to produce whatever commodity it is selling) may still see an increase in profit. Therefore, when considering the financial health of Missouri's investor owned utilities, it is best to also consider the returns that those companies have been able to provide to their shareholders. That information has been included in Figure 9.

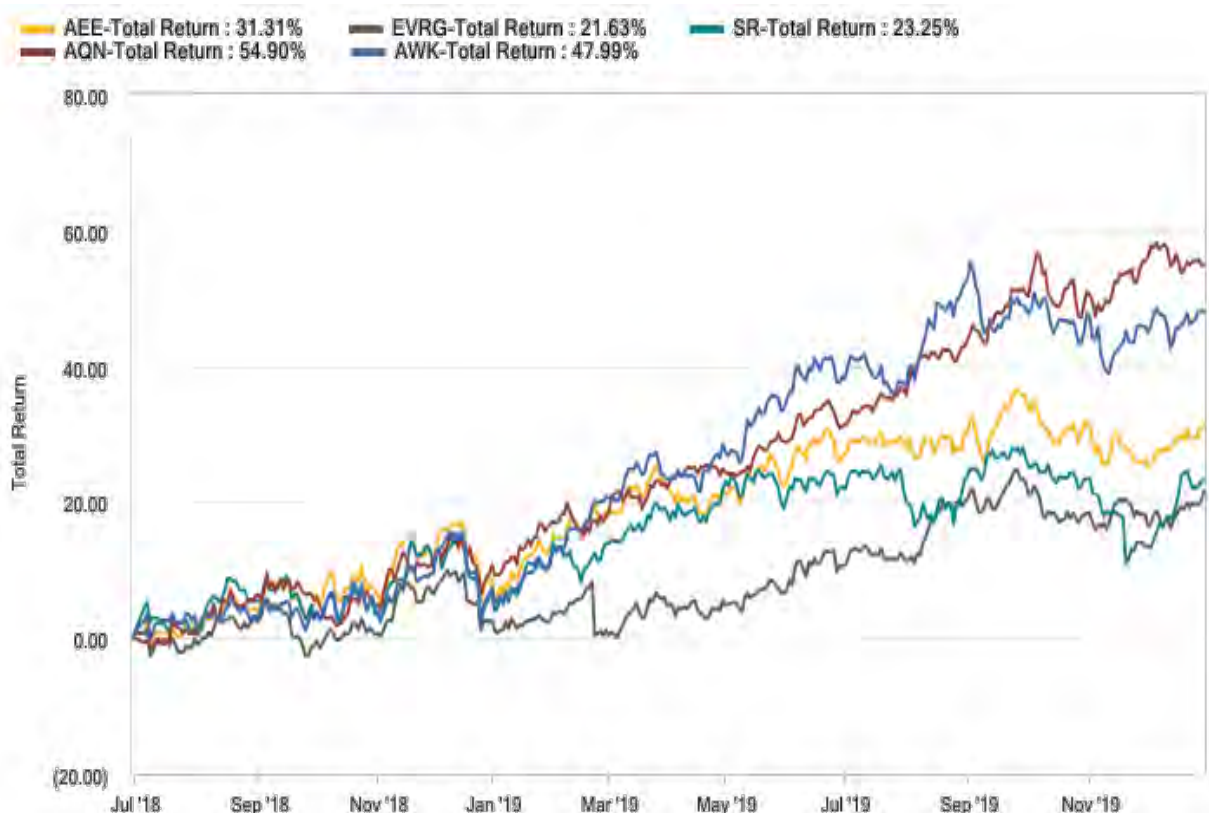


Figure 9: Total Return on Investment for Ameren Corporation (AEE), Algonquin Power & Utilities Corp (AQN), Spire Inc. (SR), Evergy, Inc. (EVRG), and American Water Works, Inc. (AWK) from July 1, 2018 through January 1, 2020.




Figure 9 shows the total return on investment (expressed as a percentage) that an investor would have achieved during the period July 1, 2018 through January 1, 2020, assuming reinvestment of dividends. It should be noted that the companies listed here are the publicly traded parent companies of Missouri's largest utilities, almost all of which have significant investments in other states (and in the case of Algonquin Power & Utilities Corp. – the parent company who operates the Empire Electric district, The Empire Gas Company, Liberty Water, and Liberty Utilities gas company – even other countries). As such, not all gains seen here can be necessarily attributed directly to Missouri operations. Further, some of the changes here can also be attributed to macroeconomic factors such as changes in long-term interest rates. Utility stock prices typically increase significantly when long-term interest rate decline, which is a reflection of bond-like characteristics of utility stocks. However, all of this does not negate the fact that investors in these companies received significant returns, ranging from a 23% increase in return on investment for Spire, Inc. to a 66% increase in return on investment for Algonquin Power & Utilities Corp.

Public Advocacy Activities

To meet its goal of advancing the interests of Missouri citizens, the OPC reviews all cases filed before the Public Service Commission. Whenever the OPC believes it necessary, the OPC will intervene directly in a case to provide both legal argument and expert analysis to aid the Commission's decision making. If the OPC disagrees with the PSC's decision in a case, then it may also appeal the case to a higher court for review. Finally, the OPC works to provide comments when the Commission seeks to make new rules or modify existing ones.

The OPC became actively involved in over seventy cases open before the Public Service Commission in 2019. A select handful of these cases that the OPC considers to be the most important or meaningful have been included here to provide an explanation of the issues addressed. Each case is identified by a short descriptive title along with the Public Service Commission case designation (and any attendant appellate court docket indicators) in brackets.



Local Public Hearing held regarding Ameren Missouri's wind farms. Public Counsel regularly attends public hearings throughout the state that provide the public with opportunities to provide feedback on matters involving utility rates and services.

Ameren Missouri Gas Rate Case

[GR-2019-0077]

Overview: The Public Service Commission opened Case No. GR-2018-0227 to consider the effect of the Tax Cut and Jobs Act of 2017 on Ameren Missouri's cost of service. That case was consolidated with GR-2019-0077, Ameren Missouri's request to increase general rates. The OPC was an active participant in the negotiations which led to a Stipulation and Agreement that reduced rates by \$1.94 million during an interim period, and a permanent reduction of \$1 million.

Outcome: The PSC ordered Ameren Missouri to reduce annual rates by \$1 million.



Missouri River flooding in 2019 surrounds the Sibley Generating Station in Weston, Missouri.

Sibley Coal Plant Accounting Case

[EC-2019-0200]

Overview: The OPC and the Midwest Energy Consumers Group ("MECG" is a coalition of industrial consumers) filed a joint petition before the Public Service Commission requesting that the Commission order Evergy West to track and account for the money the Company is collecting from customers to operate the retired Sibley generating station. Evergy West closed Sibley immediately before new rates went into effect. Before being retired, the Sibley station accounted for at least \$40 million in operating expenses. The OPC and MECG argued it is unjust

for Evergy West's customers to pay Evergy West to cover the cost of operating a plant that is no longer incurring operating costs or providing any benefit to customers.

Outcome: The Commission agreed and ordered Evergy West to account for the money it is presently receiving in rates that was meant to cover the cost of operating the now defunct Sibley station. Evergy West appealed the Commission's Order to the Western District Missouri Court of Appeals (Case No. WD 83319).

Empire Electric Wind Project Case

[EA-2019-0010]

Overview: The Empire District Electric Company requested authority to build 600 MW of wind generation projects in Kansas and Missouri at a cost in excess of \$1 billion. The OPC questioned the timing of the project since Empire District does not need any new generation and has ample sources of electricity to serve its customers now and for the next ten years, even after Empire retires its Asbury coal plant in 2020. The OPC also questioned the economic feasibility of the projects, and argued for stronger consumer protections that require Empire, and not customers, to carry the risk of the project succeeding or failing. The OPC suggested a better solution would be for Empire's corporate parent, Algonquin Power & Utilities, to finance the projects as a private enterprise, rather than requiring Algonquin's Missouri ratepayers to bear the market risks.

Outcome: The Commission granted Empire the authority to build the 600 MW wind projects. The Commission did not adopt OPC's proposed conditions, but it did order the company to bear more risk than Empire's initial proposal.

Ameren Missouri Wind Project Case

[WD82492]

Overview: The OPC, Ameren Missouri, and other parties to the case agreed the Commission should approve Ameren Missouri's request for authority to build a wind generation facility in Schuyler and Adair Counties in Missouri. However, the OPC and Ameren Missouri disagreed over how Ameren Missouri is permitted under state law to recover costs of the project. The issue was whether Ameren Missouri is permitted to recovery 100% of project costs through the Missouri Renewable Energy Standard (RES) statute, or whether Ameren Missouri's decision to elect plant-in-service accounting pursuant to Missouri Senate Bill 564 (2018) limits Ameren to eighty-five percent (85%) of depreciation expense and return on certain plant investments deferred to a regulatory asset for future recovery.

Outcome: The Court of Appeals for the Western District of Missouri affirmed the Commission's decision to collect one-hundred percent of any plant costs that would otherwise qualify for the RES even where the utility elected to be regulated under plant-in-service accounting.

Spire Missouri ISRS Cases

[GO-2016-0196, GO-2016-0197, GO-2017-0201, GO-2017-0202, GO-2018-0309, GO-2018-0310, WD80544, WD82199, WD82200, and WD82302].

Overview: 2019 saw continued litigation regarding a series of inter-related cases that all concerned the Infrastructure System Replacement Surcharge (or "ISRS") that both Spire Missouri West and Spire Missouri East were seeking to charge their respective gas service customers. The ISRS statute permits surcharge increases to recover costs incurred replacing corroded pipe that the utility is required to replace by state or federal safety

requirements. The OPC discovered Spire was including costs incurred replacing miles of plastic pipe segments (much of it recently installed) that were not impaired in any way, were not required to be replaced by any safety law, and, therefore, did not qualify under the law for recovery through the surcharge. The OPC challenged the lawfulness of the costs, and Spire countered by arguing that because the replaced plastic pipe segments were next to cast-iron or steel pipe segments, the entire project should be considered ISRS eligible. The Commission agreed with Spire and granted recovery of the costs. The OPC appealed (WD80544).

The Court of Appeals for the Western District of Missouri ultimately ruled in favor of the OPC and found the plastic pipe replacements to be ineligible, remanding those cases back to the Public Service Commission.



OPC Attorney John Clizer preparing before a hearing.

In 2019, on remand, the OPC sought to have Spire return the money it had collected from its customers for the replacement of the ineligible plastic pipes. However, the Commission determined it could not order Spire to issue refunds because the Court had not provided specific refund instructions in its remand order. The OPC appealed this decision.

In addition, since Spire was found to have included ineligible plastic pipe replacement costs through the ISRS, when Spire filed its most recent ISRS petitions, the OPC requested better demonstrations by Spire for all replacement costs it seeks to pass through the ISRS to show the pipe replacement qualifies under the statute. That resulted in an additional disagreement over how a gas utility is to demonstrate compliance with the requirement that the replaced pipe is in a qualifying physical condition, that is, that the replaced pipe is “worn out or in deteriorated condition.”

The OPC anticipated Spire would provide evidence such as leak surveys, photographs, pipe measurements, field crew reports, or other evidence to demonstrate the pipe’s condition at the time of replacement. However, Spire argued that it did not need to provide such evidence because certain types of pipe, cast-iron and bare steel, are by definition worn out and deteriorated.

This raised a concern with the OPC that if Spire does not believe eligibility is determined in part by the physical condition of the pipe, the ISRS was no longer working as an incentive to the gas companies to focus on replacing the most unsafe pipe first.

The Commission agreed with Spire’s arguments and allowed cost recovery through the ISRS for the disputed projects.

Outcome: The Court of Appeals overturned the Commission’s finding that it did not have the authority to order Spire to return the improperly collected money and ordered the Commission to direct Spire to refund its customers. The Court of Appeals further overturned the Commission’s decision that sufficient evidence had been presented to prove the replaced pipes were worn out or in a deteriorated condition. As such,

the Court of Appeals ordered the money previously collected under the ISRS for these replacements refunded as well. Should the Court’s opinions become final, these cases should result in approximately \$12 million in total being returned to Missouri citizens.



A series of Generators at Ameren Missouri’s Hydroelectric Generating Facility on the Upper Mississippi River near Keokuk, Iowa.

Ameren Missouri Electrification Case

[ET-2018-0132]

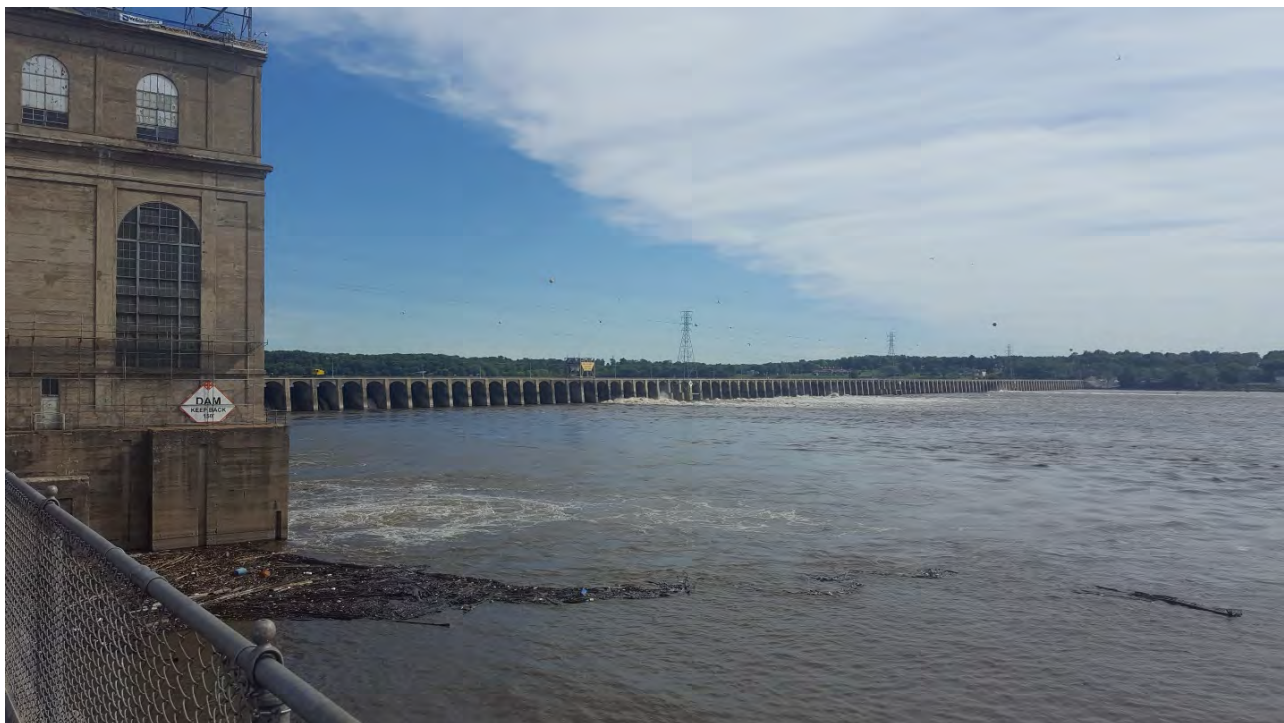
Overview: Ameren Missouri initiated this case by requesting Commission approval and cost recovery of a program designed to provide ratepayer-funded subsidies to unregulated third-parties for the purpose of promoting the adoption of electric vehicles and the electrification of certain industrial applications. In particular, Ameren Missouri sought approval and cost recovery of subsidies that would either be paid to third party developers to off-set the cost of installing electric vehicle charging stations in various areas around St. Louis and along Interstate 70, and customer funded subsidies paid to certain commercial or industrial enterprises to off-set the cost of acquiring electric powered forklifts or airport support equipment. Ameren Missouri argued that these subsidies would lead to an increase in the number of electric vehicles or electric industrial equipment used by its ratepayers, which would in turn result in a larger number of people paying for electricity and thus lower the amount any

one ratepayer would be charged. The total proposed cost of this program was approximately \$18 million, with \$11 million going towards electric vehicles and \$7 million toward industrial applications.

With regard to the industrial applications, the OPC challenged the grant of subsidies because of market research showing that a large number of the targeted applications were already using electric equipment. Because the market was already trending toward the adoption of electric forklifts and other industrial applications, the OPC argued there was no need to provide further ratepayer-funded subsidies. As for the subsidization of electric vehicle charging stations, the OPC's research provided little evidence that more charging stations necessarily equated to more electric vehicles being purchased or used. However, the OPC nevertheless asked the Commission to approve the program, but with a modification that made

Ameren Missouri's ability to recover dependent on an actual increase in the number of electric vehicles registered in its service territory.

Outcome: The Commission ultimately agreed with the OPC as to the proposed industrial electrification program and denied Ameren Missouri its requested cost recovery for \$7 million on the basis that no further subsidization was needed given the ongoing market trend toward increased electrification. The Commission also allowed Ameren Missouri to recover the cost of subsidies that it paid to third party developers for building electric vehicle charging stations along Interstate 70. This represented approximately \$4.5 million of Ameren Missouri's initial \$11 request. However, the Commission did not order the OPC's proposal to make recovery dependent on an actual increase in the number of electric vehicles registered in Ameren's service territory. The remaining dollar amount set aside for charging



Hydroelectric Dam on the Upper Mississippi River near Keokuk, Iowa, owned and operated by Ameren Missouri.

stations was later settled by an agreement among the parties. Under the terms of the agreement, Ameren would be permitted to recover the costs as part of a pilot program. This pilot program would help determine the effectiveness of building electric vehicle charging stations as a means of promoting electric vehicle adoption. The Company also agreed to the OPC's request to study the deployment of certain software applications aimed at curbing emission reductions as part of the pilot program. The OPC plans to continue working with the Company on this matter and eagerly awaits the results of this pilot program.

Small Water Acquisition cases by Central States Water Resources

[WA-2019-0185; SA-2019-0186; WA-2019-0299; SA-2019-0300]

Overview: Public Counsel argued two fairly similar small water acquisition cases in 2019 that were unique in that the customers being served separately intervened and opposed Central States Water Resources' (Central States) bid to purchase their respective water and sewer systems.

The first case involved the Osage Water Company assets at the Lake of the Ozarks. Central States applied for Commission approval of its acquisition of the assets in January, 2019. Central States also requested an acquisition incentive to recover a premium above the book value of the Osage Water Company assets.

The second case concerned the Port Perry Service Company water and sewer system located near Perryville, Missouri.

Details of the OPC's position and arguments in these cases are absent from this description as these contested cases are still pending before the Commission.

Evergy FAC Prudence Review case

[EO-2019-0067, EO-2019-0068]

Overview: Evergy Missouri Metro and Evergy Missouri West both have an active Fuel Adjustment Clause ("FAC") tariff provision that allows the company to adjust rates due to changes in fuel and purchased power costs. By statute and Commission rule, the companies are required to periodically submit information for review to determine if the costs being charged to customers under the FAC have been prudently incurred. In this case, the OPC challenged certain costs that the utilities had included for recovery under their respective FAC tariffs. For example, the OPC challenged the prudence of Evergy Missouri Metro's decision not to sell certain renewable energy credits it could have sold to off-set other FAC costs and thereby lower customer rates. However, the biggest issue in the case (in terms of dollar amount) was the inclusion of costs related to purchase power agreements ("PPAs").

Both Evergy Missouri Metro and Evergy Missouri West had entered into purchase power agreements with independent wind farm developers in Missouri and Kansas. Under the terms of these contracts, the utilities purchased energy from the wind farm developers at a fixed price. The utilities then independently dispatched that energy at a regional transmission organization, for which they were paid a variable price. Neither utility needed the energy being procured through these contracts to meet their customer's needs (or any other legal obligations) and had instead entered these contracts as an attempt to turn a profit. The companies assumed that the variable price for energy being dispatched to the regional transmission organization would eventually rise higher than the fixed price they were paying the independent wind farm developers, thereby creating a profit margin. The price of energy

ended up falling lower instead of rising higher, which meant that the utilities paid the wind farm developers more for the energy than it was worth when dispatched to the regional transmission organization. Thus, instead of a profit, the utilities were left with a loss that they sought to pass onto customers through the FAC.

The OPC did not to oppose the inclusion of the losses for most of these contracts. Instead, the OPC challenged only the losses related to the last two purchase power agreements that had been entered into because they required the utilities to pay the independent wind farm developers a higher price for the energy being produced than any of the previous contracts, despite a decline in the price for energy. The OPC argued that the last two contracts were entered into at a point in time where the utilities should have been aware that the cost of energy was decreasing instead of increasing and that these contracts would thus not be profitable. Finally, the OPC noted that these last two contracts had been entered into without the companies performing a “request for proposals” to compare the price in the contract to any other available wind farms at that time. All told, the OPC argued that these factors made the decision to enter into the last two purchase power agreements imprudent.

The procedural mechanism for reviewing the prudence of costs related to the FAC requires a prudence review every eighteen months. This was the first eighteen-month prudence review period for which losses related to the two purchase power agreements that the OPC was challenging were included.

Outcome: The Commission’s November 16, 2019 Report and Order found Evergy’s fuel costs to have been prudently incurred. On the issue of the two purchase power agreements, the Commission listed a number of considerations made by Evergy at the time it entered into the

contracts, and found “that when made, the companies’ decisions to acquire the Rock Creek and Osborn Wind PPAs were not imprudent in light of the factors that they appropriately considered.”



OPC Attorney Caleb Hall discussing a pending case with OPC accountant Amanda Conner

Energy Efficiency case

[EO-2019-0132, EO-2019-0133]

Overview: Evergy Missouri Metro and Evergy Missouri West both applied for their third cycle of demand-side programs and customer surcharge per the Missouri Energy Efficiency Investment Act (MEEIA) in April of 2018. However, both utilities later delayed filing their MEEIA 3 application until November 29, 2018. The companies then proposed spending nearly \$97 million in demand-side programs and other energy efficiency programs over three years with an \$18 million earnings opportunity.

Details of the OPC's position and arguments in these cases are absent from this description as these contested cases are still pending before the Commission.

Privacy/Cyber Security rulemaking

Overview: The Public Service Commission initiated a working docket in the summer of 2018 to promulgate a rule regarding the sharing of customer information by regulated utilities.

The OPC filed comments expressing a desire for strong consumer protections and safeguards against inadvertent disclosure of sensitive and personal information. State Representative Bill Kidd, the American Civil Liberties Union of Missouri, the Consumers Council of Missouri, ArchCity Defenders, Inc, TGH Litigation LLC, and then Missouri Attorney General Josh Hawley expressed similar concerns. The Commission held a workshop to discuss stakeholder input from consumer groups and regulated utilities before filing a new draft version of its customer

information rule on September 16, 2019. Public Counsel again argued for stronger consumer protections in its latest comments filed December 9, 2019.

Outcome: This rulemaking docket remains ongoing.

Affiliate Transactions rulemaking

Overview: The Public Service Commission initiated a working docket in the summer of 2018 to review its affiliate transaction rules. The Commission's proposal was to consolidate all affiliate transaction rules.

The OPC filed comments expressing support for strong affiliate transaction rules, and explaining the potential abuses that can occur when regulated monopolies are able to subsidize their non-regulated affiliates by shifting costs to the rates of their regulated customers.

Outcome: This rulemaking docket remains ongoing.

Our Team

Marc Poston, Public Counsel: Juris Doctor, 1996 and Bachelor of Science in Education, 1991, University of Missouri – Columbia; and Master of Business Administration, 2000, William Woods University. Marc has over 20 years of experience in public utility regulation, having worked previously as an attorney handling electric, natural gas, water, sewer, and telecommunication cases for the Missouri Public Service Commission, the Office of the Public Counsel, and the Missouri Division of Energy. Marc currently serves on the Advisory Board for the University of Missouri’s Financial Research Institute; the Missouri Universal Service Fund Board; the Relay Missouri Advisory Committee; and is active with the National Association of State Utility Consumer Advocates.

Nathan Williams, Chief Deputy Counsel: Juris Doctor 1988, University of Missouri – Columbia; M.S. Anal. Chem. 1983 Purdue University; B.S. Chem. 1980, University of Missouri – Columbia. Nathan has over 20 years of public utility regulation experience (primarily, but not exclusively with electric utilities), working at the Missouri Public Service Commission and the Missouri Office of the Public Counsel. Nathan also has 5 years of general practice experience, 3 years of tax experience working at the Missouri Department of Revenue, and 2 years of judicial clerk experience at the Missouri Eastern District Court of Appeals.

Bob Schallenberg, Director of Policy: Associates degree in Accounting-1974-Penn Valley Junior College-Kansas City, B.S with emphasis in Accounting, 1976, University of Missouri-Kansas City, Associate Degree in Accounting Bachelor of Science with emphasis in Accounting, passed the Certified Public Account (CPA) examination in 1976, acquired a CPA license in Missouri in 1989. Bob has over 40 years of experience in public utility regulation with the PSC, the Kansas Corporation Commission, and the OPC. Bob has worked before the Federal Energy Regulatory Commission (FERC) representing the PSC. His most interesting experience was working on the cases regarding organized crime’s involvement in the operations of two (2) Missouri telephone utilities.

Dr. Geoff Marke, Chief Economist: Geoff has provided expert testimony on a variety of issues across electric, gas and water utilities. He has been a frequent speaker at the National Association of Regulatory Utility Commissioners (“NARUC”) and the National Association of State Utility Advocates (“NASUCA”) conferences. Most recently, he was a lecturer at Michigan State’s Institute of Public Utilities (“Camp NARUC”) and a guest speaker at a USAID conference on “Cybersecurity Planning and Regulation” to thirteen Baltic Countries in North Macedonia. Prior to serving in his present position, Geoff worked as an electric-sector policy analyst for the Missouri Public Service Commission and worked in the private sector as a consultant. Geoff received his doctorate at Saint Louis University.

John Clizer, Senior Counsel: Juris Doctor, 2016, and B.S. in Chemistry with minors in history and philosophy, 2013, from the University of Missouri – Columbia. Prior to working at the OPC, John spent two years clerking for the Hon. Edward R. Ardini Jr. of the Missouri Court of Appeals for the Western District. John’s work at the OPC has covered a wide range of electric, natural gas, water, and wastewater issues with a particular focus on riders and surcharges as well as small-water rate proceedings.

Caleb Hall, Senior Counsel: Juris Doctor, 2015, Environmental Studies, B.S., 2012, University of Kansas - Caleb’s caseload within the OPC office is focused primarily on energy efficiency cases per the MEEIA

statute, accounting, and other electric utility cases. He is also the designated Ombudsman of Property Rights; an office housed within the OPC that guides affected property owners on eminent domain procedures. Before joining the OPC in 2018, he worked as a legislative analyst for the Missouri House of Representatives' Research Division where he staffed the House Economic Development, Commerce, Small Business, Transportation, Technology and Innovation, and Utilities Committees.

Lena Mantle, Senior Analyst: Bachelor of Science, Industrial Engineering, 1983, University of Missouri – Columbia. Prior to coming to work at the OPC, Lena worked for the Public Service Commission for 29 years retiring from the Staff as the Manager of the Energy Department. Since coming to the OPC in 2014, Lena has worked on electric, natural gas, and water cases concentrating on fuel adjustment clause, generation resource, and revenue normalization issues. Lena is a registered Professional Engineer in Missouri.

David Murray, Utility Regulatory Manager: Bachelor of Science degree in Business Administration, emphasis in Finance and Banking, and Real Estate, University of Missouri-Columbia, 1995. Master's in Business Administration, Lincoln University, 2003. Chartered Financial Analyst (CFA) designation since October 2010. Prior to taking a position with the OPC in July 2019, David worked for the Staff of the Missouri Public Service Commission in its Financial Analysis Department/Unit for almost 20 years. David's primary responsibility while with Staff and now with the OPC is to sponsor rate of return testimony in utility rate cases. David served eight years (2008 to 2016) on the Board of Directors of the national organization, Society of Utility Regulatory Financial Analysts (SURFA). In 2007, David passed the Certified Rate of Return Analyst (CRRRA) examination administered by SURFA.

John Robinett, Utility Engineering Specialist: Bachelor of Science, Mechanical Engineering, Missouri University of Science and Technology. Prior to working for the OPC John worked for the Missouri Public Service Commission for 6 years with a primary focus of depreciation. Since joining the OPC in 2016, John has worked on electric, natural gas, water, and waste-water cases concentrating in depreciation and water and natural gas infrastructure replacement surcharges. John is enrolled as an Engineer Intern in Missouri.

John Riley, Public Utility Accountant III: Bachelor of Science with a major in accounting from Missouri State University. Certified Public Accountant for over 20 years. This is John's second stint at the OPC, he first worked with the Office in the 80's and returned to us in 2016. In between visits he was a tax auditor and court administrator.

Keri Roth, Public Utility Accountant III: Graduated in 2011 from Lincoln University with a B.S. in Accounting. Keri has been with the OPC since September 2012. Keri's caseload within the OPC office is focused primarily on water and wastewater cases.

Amanda Conner, Public Utility Accountant I: Bachelor of Science with a major in accounting from Columbia College. Amanda has been with the OPC since 2016. Before joining the OPC, she worked at the Department of Revenue as a Tax Collections Tech, an assistant to the Personnel Attorney and later the Bankruptcy Unit with Revenue's General Counsel's Office. While at the OPC, she has audited electric, natural gas and water and sewer cases.

Glossary

Commodity charge: The commodity charge is based on the volume of whatever commodity is being supplied by a utility that is used by the customer. It is meant to cover the majority of the costs incurred by a utility during the provision of services that are not already recovered in the utility's fixed customer charge. This charge is set by the Public Service Commission during a general rate case and may not be changed otherwise.

Customer Charge: The customer charge is a flat charge that appears on a customer's bill consistently regardless of usage. It is meant to cover a portion of the utility's fixed costs. This charge is set by the Public Service Commission during a general rate case and may not be changed otherwise.

Energy Efficiency Rider: The energy efficiency rider (which is sometimes referred to as an Energy Efficiency Investment Charge or EEIC and elsewhere as a Demand-Side Programs Investment Mechanism or DSIM) is meant to provide an electric utility with an economic incentive to invest in energy efficiency programs. Under this rider, the electric utility is allowed to recover the value of the energy the utility would have sold had the energy efficiency program not been in place, plus the cost the utility incurred to run the energy efficiency program, plus an additional amount based on that cost.

This rider is authorized by statute under section 393.1075, RSMo. The amount charged to any given customer is based on the volume of electricity or energy that the customer uses, and changes to the rider can occur outside of a general rate case.

Fuel Adjustment Rider: The fuel adjustment rider (also known as a fuel adjustment clause or FAC) is meant to recover or rebate the difference between the costs an electric utility expects to incur for the fuel used to provide electricity and the revenue the utility expects to make by selling excess electricity, and the costs and revenues that the utility actually incurs. When the Public Service Commission sets rates, it uses a historical, normalized amount based on what the utility has previously spent on fuel or received from the sale of excess electricity to estimate future costs and revenues. However, because the fuel and energy markets fluctuate, the amount a utility may actually spend on fuel or receive from the sale of excess energy may be more or less than the historical amounts that were used to set rates. The fuel adjustment rider is meant to address this by allowing the electric utility to recover or rebate the difference.

This rider is authorized by statute under section 386.266, RSMo. It is based off of values that are determined during a general rate case, but the rider itself is subject to periodic updates and adjustments outside of a general rate case. The amount charged to any particular customer is based on the volume of electricity or energy that the customer uses.

Infrastructure Replacement Rider: The infrastructure replacement rider (sometimes referred to as an infrastructure system replacement surcharge or ISRS) permits a natural gas or water utility to recover costs related to certain types of infrastructure replacements. Government mandated replacement programs along with government backed construction work (especially road work) can result in a gas or water utility needing to replace certain portions of its distribution systems. This rider allows the gas or water utility to begin recovering the cost of those replacements within several months instead of waiting

for a general rate case. This rider is authorized by statute under sections 393.1000 through 393.1006 for water companies and 393.1009 through 393.1015 for gas companies. The amount charged is the same for all customers, and changes to the infrastructure replacement rider can only occur outside of a general rate case.

Renewable Energy Rider: The renewable energy rider (also known as a renewable energy standard rate adjustment mechanism or RESRAM) is meant to recover the costs an electric utility incurs in order to meet the state's statutorily imposed renewable energy standard. The State's renewable energy standard requires each electric utility to produce a minimum amount of its energy from renewable sources, which slowly increases over time. The production of energy from renewable resources requires the electric utility to incur certain costs, which the utility may recover through this rider.

This rider is authorized by statute under section 393.1030, RSMo. The amount charged to any particular customer is based on the volume of electricity or energy that the customer uses, and changes to the rider can occur outside of a general rate case.

Purchased Gas Rider: The purchased gas rider (sometimes referred to as a purchased gas adjustment or PGA) is meant to recover or rebate the difference between what a natural gas utility expected to spend purchasing the natural gas it supplied to Missouri customers and what it actually did spend. This rider exists because the price of natural gas fluctuates over time. The amount charged to any given customer is based on the volume of gas that the customer uses, and changes to the purchased gas rider can occur outside of a general rate case.

Weather Normalization Rider: The weather normalization rider is meant to recover or rebate the under-recovery or over-recovery of revenue experienced by a natural gas utility that occurs as the result of changes in weather patterns from year to year. When the Public Service Commission sets its rates, it does so based on the historical usage of natural gas by Missouri residents. However, because Missouri residents primarily use natural gas to provide heating and because the amount of heating required by a resident is largely dependent on the weather, the amount of natural gas Missouri residents use from year to year is heavily influenced by the weather the State experiences. This means that Missouri residents may end up using far more or far less natural gas than they did in the year that provided the historical data used by the Public Service Commission to set the utility's rates, which would result in a corresponding over-recovery or under-recovery of costs by the utility. The weather normalization rider seeks to address this issue. This rider is authorized by statute under section 386.266, RSMo. The amount charged to any given customer is based on the volume of gas that the customer uses, and changes to the weather normalization rider can occur outside of a general rate case.



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